

OGC HAS REVIEWED.

24 June 1954

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MEMORANDUM FOR: 

SUBJECT : H.R. 6539 (And Democratic version, H.R. 7054)
Providing for Amendment of the Social Security
Act to Provide Unemployment Insurance for
Federal Civilian Employees

The purpose behind this certainly seems commendable to me but there will also certainly be security problems in certain situations. Presumably, under Sec. 1501 of the proposed legislation, we are talking about employees in the Federal sense since sub-section (a) defines "Federal Service" as meaning any service performed "in the employ of the United States or its wholly-owned instrumentalities" and sub-section (c) defines "Federal employee" as an individual who has performed "Federal service". I suppose that, for instance, contract agents would be excluded but other categories such as career agents, contract employees, covert associates, etc. would be eligible for the entitlement. The wholly-owned instrumentality brings us into the cover field and I don't quite see how this entitlement could be established where there is an agreement with the State to administer the fund. It is probably objectionable in any event from the standpoint of being administered by the Secretary of Labor. Likewise, under Sec. 1507, something might be worked out regarding the period of service for which information is required by the State agencies but it would necessitate careful security arrangements in the case of a continuing cover activity where the person's relationship thereto is fairly well known. These are random thoughts and there are undoubtedly other considerations requiring careful study.

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Assistant General Counsel

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